



Department for
Communities and
Local Government

Mr Christopher Chope OBE MP
House of Commons
LONDON
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The Rt Hon Greg Clark MP
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Dear Christopher

Today I announced the Government's response to the consultation on the provisional Local Government Financial Settlement. I am very grateful to you and other colleagues for the time and trouble you and your council leaders have taken to advise on the final settlement. No council loses out as a result of the changes I have made and, since your area will benefit from them, I thought you would find it useful for me to set them out.

The principal changes from the provisional settlement as they affect your constituency are as follows:

- I have announced a Fair Funding Review to consider the appropriate funding needs of different types of areas. It is nearly 10 years since the current formula was looked at thoroughly, and there is good reason to believe that the demographic pressures affecting particular areas – such as the growth in the elderly population – have affected different areas in different ways, as has the cost of providing services. We will conduct a thorough review of what the needs assessment formula should be in a world in which local government spending is funded by local resources not central grant.
- I have agreed to the responses to the consultation which recommended additional funding to ease the pace of reductions during the most difficult first two years of the settlement. I will make additional resources available in the form of a transitional grant of £150 million, paid in each of the first two years, benefitting most those councils that have seen the sharpest reductions in Revenue Support Grant.
- Some councils and colleagues in rural areas were concerned about the longstanding gap in grant funding between urban and rural areas. As government grant is replaced by local funding, it is the share of business rates that will increasingly determine the adequacy of resources available – which

the Fair Funding Review will address. In the meantime I have increased the Rural Services Delivery Grant from £15.5 million this year to £80.5 million next year - £60.5 million more than in the provisional settlement. This is in addition to the transitional grant described above, and taken together makes available an extra £93 million to rural councils in 2016/17 compared with the provisional settlement. This reverses completely the increase in the gap in funding per head compared with urban areas that would otherwise have occurred in the year ahead.

- In the meantime, before 2019/20, no council will have to contribute more from their business rates than they envisaged – i.e. no council will have a ‘negative grant’.
- I have also, at the request of councils, helped the economical councils by allowing them to charge a *de minimis* £5 more a year in council tax without triggering a referendum.
- I will consult on allowing well-performing planning departments to increase their fees in line with inflation at the most, providing that the revenue reduces the cross subsidy that the planning function currently gets from council tax payers.

In terms of your constituency, I can confirm that:

Dorset will receive additional funding from central government of £4.10 million in 2016/17 and an extra £3.51 million in 2017/18 compared with the provisional settlement.

This comprises, for 2016/17, £2.97 million in transitional grant and £1.14 million in extra Rural Services Delivery Grant. For 2017/18 this comprises, £2.95 million in transitional grant and £563,134 in extra Rural Services Delivery Grant.

Christchurch will receive additional transitional grant funding from central government of £54,008 in 2016/17 and £53,807 in 2017/18.

East Dorset will receive additional transitional grant funding from central government of £145,425 in 2016/17 and £80,363 in 2017/18.

I hope you will agree that these are sensible responses to reasonable suggestions made in the consultation.

Thanks once again for your contribution to the consultation, and if you would like a word do call Henry Smith on 07956 235352 and he can arrange for us to speak.

Yours ever,

A handwritten signature in black ink, appearing to read 'Greg', written in a cursive style.

The Rt Hon Greg Clark MP